

## § 203.60

### ROYALTY RELIEF FOR PRE-ACT DEEP WATER LEASES AND FOR DEVELOPMENT AND EXPANSION PROJECTS

#### **§ 203.60 Who may apply for royalty relief on a case-by-case basis in deep water in the Gulf of Mexico or offshore of Alaska?**

You may apply for royalty relief under §§ 203.61(b) and 203.62 for an individual lease, unit or project if you:

- (a) Hold a pre-Act lease (as defined in § 203.0) that we have assigned to an authorized field (as defined in § 203.0);
- (b) Propose an expansion project (as defined in § 203.0); or
- (c) Propose a development project (as defined in § 203.0).

[73 FR 69515, Nov. 18, 2008]

#### **§ 203.61 How do I assess my chances for getting relief?**

You may ask for a nonbinding assessment (a formal opinion on whether a field would qualify for royalty relief) before turning in your first complete application on an authorized field. This field must have a qualifying well under 30 CFR part 250, subpart A, or be on a lease that has allocated production under an approved unit agreement.

(a) To request a nonbinding assessment, you must:

- (1) Submit a draft application in the format and detail specified in guidance from the MMS regional office for the GOM;

- (2) Propose to drill at least one more appraisal well if you get a favorable assessment; and

- (3) Pay a fee under § 203.3.

- (b) You must wait at least 90 days after receiving our assessment to apply for relief under § 203.62.

- (c) This assessment is not binding because a complete application may contain more accurate information that does not support our original assessment. It will help you decide whether your proposed inputs for evaluating economic viability and your supporting data and assumptions are adequate.

#### **§ 203.62 How do I apply for relief?**

- (a) You must send a complete application and the required fee to the MMS Regional Director for your region.

- (b) Your application for royalty relief offshore Alaska or in deep water in the

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GOM must include an original and two copies (one set of digital information) of:

- (1) Administrative information report;
- (2) Economic Viability and relief justification report;
- (3) G&G report;
- (4) Engineering report;
- (5) Production report; and
- (6) Cost report.

- (c) Section 203.82 explains why we are authorized to require these reports.

- (d) Sections 203.81, 203.83, and 203.85 through 203.89 describe what these reports must include. The MMS regional office for your region will guide you on the format for the required reports, and we encourage you to contact this office before preparing your application for this guidance.

[73 FR 69515, Nov. 18, 2008]

#### **§ 203.63 Does my application have to include all leases in the field?**

- (a) For authorized fields, we will accept only one joint application for all leases that are part of the designated field on the date of application, except as provided in paragraph (a)(3) of this section and § 203.64. However, we will evaluate all acreage that may eventually become part of the authorized field. Therefore, if you have any other leases that you believe may eventually be part of the authorized field, you must submit data for these leases according to § 203.81.

- (1) The Regional Director maintains a Field Names Master List with updates of all leases in each designated field.

- (2) To avoid sharing proprietary data with other lessees on the field, you may submit your proprietary G&G report separately from the rest of your application. Your application is not complete until we receive all the required information for each lease on the field. We will not disclose proprietary data when explaining our assumptions and reasons for our determinations under § 203.67.

- (3) We will not require a joint application if you show good cause and honest effort to get all lessees in the field to participate. If you must exclude a lease from your application because its lessee will not participate, that lease is

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ineligible for the royalty relief for the designated field.

(b) If your application seeks only relief for a development project or an expansion project, your application does not have to include all leases in the field.

[63 FR 2618, Jan. 16, 1998, as amended at 67 FR 1875, Jan. 15, 2002]

### § 203.64 How many applications may I file on a field or a development project?

You may file one complete application for royalty relief during the life of the field or for a development project or an expansion project designed to produce a reservoir or set of reservoirs. However, you may send another application if:

(a) You are eligible to apply for a redetermination under § 203.74;

(b) You apply for royalty relief for an expansion project;

(c) You withdraw the application before we make a determination; or

(d) You apply for end-of-life royalty relief.

[63 FR 2618, Jan. 16, 1998, as amended at 67 FR 1875, Jan. 15, 2002]

### § 203.65 How long will MMS take to evaluate my application?

(a) We will determine within 20 working days if your application for royalty relief is complete. If your application is incomplete, we will explain in writing what it needs. If you withdraw a complete application, you may re-apply.

(b) We will evaluate your first application on a field within 180 days, evaluate your first application on a development project or an expansion project within 150 days and evaluate a redetermination under § 203.75 within 120 days after we determine that it is complete.

(c) We may ask to extend the review period for your application under the conditions in the following table.

If—	Then we may—
We need more records to audit sunk costs .....	Ask to extend the 120-day or 180-day evaluation period. The extension we request will equal the number of days between when you receive our request for records and the day we receive the records.
We cannot evaluate your application for a valid reason, such as missing vital information or inconsistent or inconclusive supporting data.	Add another 30 days. We may add more than 30 days, but only if you agree.
We need more data, explanations, or revision .....	Ask to extend the 120-day or 180-day evaluation period. The extension we request will equal the number of days between when you receive our request and the day we receive the information.

(d) We may change your assumptions under § 203.62 if our technical evaluation reveals others that are more appropriate. We may consult with you before a final decision and will explain any changes.

(e) We will notify all designated lease operators within a field when royalty relief is granted.

[63 FR 2618, Jan. 16, 1998, as amended at 67 FR 1875, Jan. 15, 2002]

### § 203.66 What happens if MMS does not act in the time allowed?

If we do not act within the timeframes established under § 203.65, you get royalty relief according to the following table.

If you apply for royalty relief for	And we do not decide within the time specified	As long as you
(a) An authorized field .....	You get the minimum suspension volumes specified in § 203.69.	Abide by §§ 203.70 and 203.76.
(b) An expansion project .....	You get a royalty suspension for the first year of production.	Abide by §§ 203.70 and 203.76.